



TENNESSEE REGULATORY AUTHORITY



2015-2016
ANNUAL REPORT



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TENNESSEE REGULATORY AUTHORITY



502 Deaderick Street, 4th Floor
Nashville, Tennessee 37242-0001

February 6, 2017

The Honorable Bill Haslam
Governor, State of Tennessee

The Honorable Randy McNally
Lieutenant Governor

The Honorable Beth Harwell
Speaker of the House of Representatives

Members of the General Assembly,

It is with great pleasure that I present to you the 2015-2016 Annual Report of the Tennessee Regulatory Authority. This report has been prepared in accordance with Tennessee Code Annotated § 65-1-111.

The TRA was established in 1996 and charged with the responsibility of promoting the public interest by balancing the interests of utility consumers and providers while facilitating the transition to a more competitive environment.

The Authority continues to have jurisdiction over Tennessee's investor-owned utility companies including electric, telephone, water and wastewater, natural and methane gas. Further, the TRA serves as the agency that performs the safety inspections of natural gas pipelines that travel across the state and mediates consumer complaints against utility service providers.

Through our numerous consumer outreach efforts, the TRA continues to provide Tennessee citizens with information that can enhance their daily lives and provide protection and relief from unwanted telephone solicitations and fraudulent activities. Among the Authority's more popular programs are the Tennessee Do Not Call program and the Telecommunications Device Access Program (TDAP). In addition, through our various public and private partnerships across the state, the TRA continues to promote awareness of the Lifeline telephone assistance program to promote universal access to telephone service.

We remain focused on the work that we have been entrusted to perform, as well as the role we play in protecting Tennessee consumers and maintaining an environment that is vigorously competitive. To the members of the Tennessee General Assembly, we look forward to working with you and in continued service to the citizens of the Volunteer State.

Warmest Regards,

Earl R. Taylor,
Executive Director

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www.tn.gov/tra
www.facebook.com/tntra



Authority Overview

The Tennessee Regulatory Authority, created in 1996, is the governing body to regulate utilities in Tennessee. The Authority's mission is to promote the public interest by balancing the interests of utility consumers and providers while facilitating the transition to a more competitive environment.

The Authority has jurisdiction over public utilities including:

- ◆ Electric companies
- ◆ Telephone companies
- ◆ Water and wastewater companies
- ◆ Natural gas companies

The Authority is financially independent of Tennessee's general fund. The Authority's operational expenses are covered wholly by the industries it regulates, with a small portion coming from the federal government.

Authority staff includes accountants, administrators, attorneys, consumer specialists, economists, engineers, information technology specialists, a consumer outreach manager, and administrative support.

Earl R. Taylor was appointed Executive Director of the TRA in 2012 by Governor Bill Haslam, Lieutenant Governor Ron Ramsey and House Speaker Beth Harwell and reappointed by the directors in 2015 to a three year term.

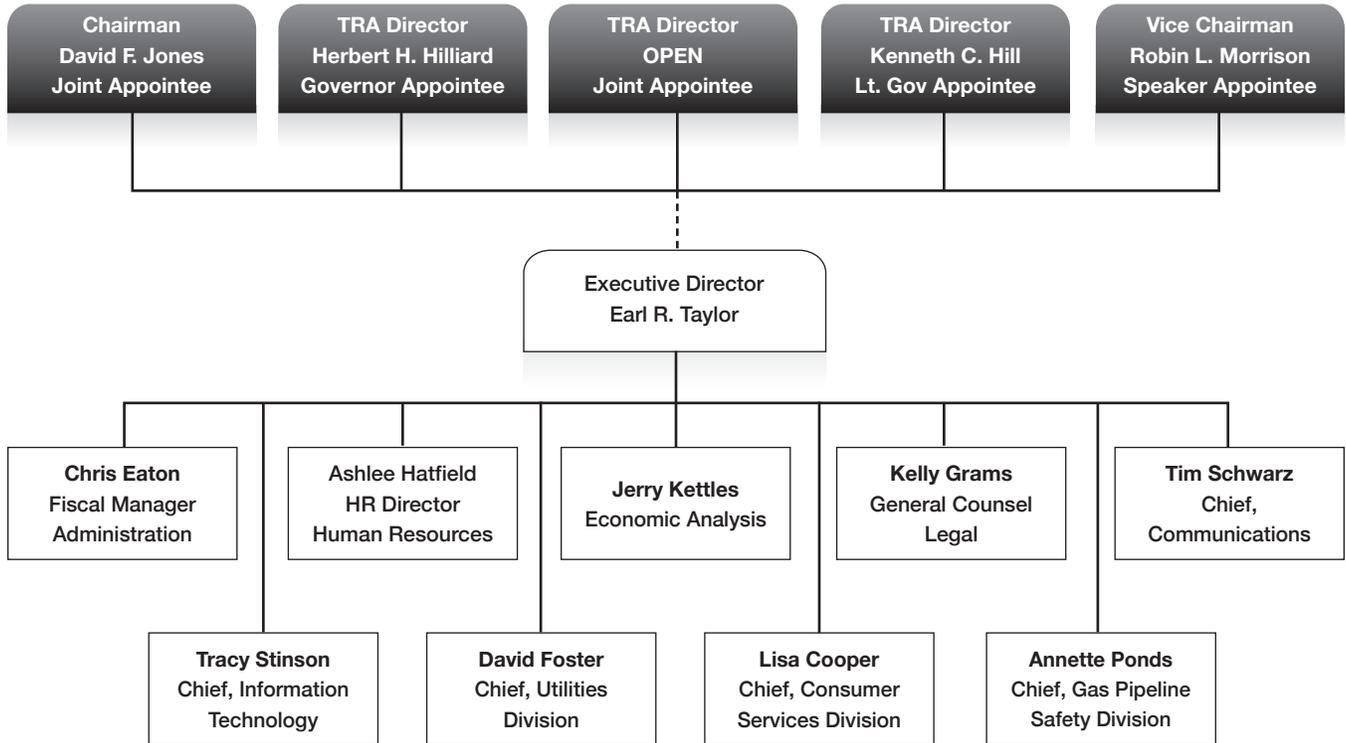
The Executive Director has the principal responsibility of implementing the broad strategies, goals, objectives, long-range plans and policies of the authority. Among the executive director's duties, which are not limited to, the following list, are:

- ◆ Serve as chief operating officer of the authority responsible for the day to day management of the authority and the supervision and hiring of all staff members within the limits of available funds authorized from time to time by the legislature
- ◆ Administer, monitor and review the operating procedures of each division of the authority, ensuring that each employee and division of the authority fully executes in an efficient and economical manner, the separate duties assigned to each
- ◆ Submit rules and policies for approval by the authority
- ◆ Implement and administer rules and policies for the efficient and economical internal management of the authority
- ◆ Coordinate the preparation of the report to the General Assembly as required by Tennessee Code Annotated Section 65-1-111
- ◆ Supervise the expenditure of funds and compliance with all applicable provisions of state and federal law in the receipt and disbursement of funds

In addition, the TRA has five Directors, each of whom serve on a part-time basis and are appointed by the Governor, Lieutenant Governor, and the Speaker of the House. The Directors include the following: Chairman David F. Jones, Director Robin L. Morrison, Director Herbert H. Hilliard, Director Kenneth C. Hill, and one vacancy.



Tennessee Regulatory Authority Organization Chart and Staffing Levels



As of July 1, 2016, the TRA was budgeted for 66 Positions

As of 7/1/16

TRA Division	Total Positions	Filled	Vacancies
Directors	5	4	1
Executive Director	1	1	0
Administrative Staff	7	5	2
Communications and External Affairs	3	3	0
Consumer Services	18	13	5
Compliance Division	4	4	0
Gas Pipeline Safety	8	8	0
Information Technology	3	2	1
Legal	5	5	0
Utilities	12	9	3
Total Positions	66	54	12



Authority Leadership



Earl R. Taylor, Executive Director

Earl R. Taylor was appointed to the Tennessee Regulatory Authority as Executive Director in 2012 by Governor Bill Haslam, House Speaker Beth Harwell, and Lt. Governor Ron Ramsey and reappointed by the directors in 2015 to a three year term.

Taylor received a Bachelor of Science degree from the University of Tennessee at Knoxville and a Juris Doctor (JD) from the University of Memphis School of Law. He began his career as an attorney in his home town of Johnson City, Tennessee.

Later professional endeavors included the development of WKXT-TV, the CBS Television affiliate in Knoxville, Tennessee, and the subsequent launch of the Warner Brothers affiliate in the same market. Most recently, Mr. Taylor has been a franchisee of Panera Bread, developing bakery-cafes in Florida, Texas, and Louisiana.

Actively engaged in his community, Mr. Taylor has served as a mentor in the Knoxville Fellows program, as a commissioner for the Metropolitan Knoxville Airport Authority, and on the Knoxville Young Life Committee.

As Executive Director of the Tennessee Regulatory Authority, Mr. Taylor will function as the Authority's Chief Operating Officer (COO), responsible for the agency's administrative duties and responsibilities.

Mr. Taylor is married to Sheryl Dawson Taylor. They have four children and 9 grandchildren.



David F. Jones, Chairman

Chairman Jones was appointed to the Tennessee Regulatory Authority in 2012 by Governor Bill Haslam, Lt. Governor Ron Ramsey and House Speaker Beth Harwell.

Director Jones is President of Complete Holdings Group, a workers' compensation revenue solutions company to more than 450 hospitals across 36 states. He is a certified facilitator/executive coach with the Alternative Board, a peer-to-peer advisory group for CEOs and owners of private businesses. He is also President of the David Jones Group, a management consulting firm that focuses on helping small businesses overcome the four barriers to growth. Director Jones spent 29 years in the natural gas pipeline industry. The first half of his career was spent in Human Resources with a Fortune 500 energy company where worked in a variety of areas, including Field Operations.

Director Jones obtained a B.S. in Business from the University of Tennessee and an MBA from the University of Houston. He is author of the book, "*Surviving and Thriving After Losing Your Job*".



Authority Leadership (cont.)



**Robin L. Morrison,
Vice Chairman**

Robin L. Morrison was appointed to the TRA by House Speaker Beth Harwell in 2013. Director Morrison currently serves as a Vice President and financial center manager for one of the South's largest banks, First Tennessee, and brings to

the TRA broad experience in customer relations, business management, and federal and regulatory compliance. She was reappointed to full term in 2015.

A graduate of the University of Tennessee-Chattanooga with a Bachelor's degree in Business Administration-Finance, Director Morrison possesses a comprehensive background in banking and finance and has obtained her Series 6/63 financial licenses to sell securities as well as being licensed to sell life and health insurance.

In addition, Director Morrison is a graduate of the Southeastern School of Banking and a graduate of Leadership Chattanooga. She is active in leadership roles in her community having served on the boards of the South Broad Redevelopment Group, Junior League of Chattanooga, and the Chattanooga Chamber of Commerce's Southside Council. She is also a member of the Chattanooga Leadership Woman's Institute and a member of the National Association of Regulatory Utility Commissioners (NARUC) Committee on Telecommunications.



**Herbert H. Hilliard,
Director**

Chairman Hilliard was appointed to the Tennessee Regulatory Authority in 2012 by Governor Bill Haslam.

Director Hilliard served as Executive Vice President and Chief Government Relations

Officer for First Horizon National Corporation. In this role, he was responsible for the corporation's lobbying activities at the federal and state levels. Chairman Hilliard is a 43-year veteran of the company, having joined First Horizon in 1969 after earning a BBA in Personnel Administration and Industrial Relations from the University of Memphis. Prior to his current role, Hilliard was Executive Vice President and Chief Risk Officer. Chairman Hilliard retired from First Horizon National Corporation on September 26, 2012.

Director Hilliard is active in the community, currently serving as Chairman of the Board of Directors of The National Civil Rights Museum, Board Member of Blue Cross Blue Shield of Tennessee, and a Commissioner for the Memphis Shelby County Airport Authority.

He serves on the Government Relations Council for The Tennessee Bankers Association and The Financial Services Roundtable. He was Chairman of the Memphis Housing Authority Board from 1992-1993, 1987 Chairman of the United Way general fund drive, and the 1988 Chairman of the Annual NAACP Freedom Fund Dinner. He is past member of the Memphis Park Commission, the University of Memphis National Alumni Board, the University of Memphis Foundation Board and the Boards of Directors for the Chickasaw Council of the Boy Scouts of America and the Memphis Convention and Visitors Bureau. From 2000 to 2005, he was Chairman of the Board of Blue Cross Blue Shield of Tennessee. He is currently Chairman of the Audit Committee of Blue Cross Blue Shield of Tennessee.

Director Hilliard has completed additional studies at the Southwestern Graduate School of Banking at Southern Methodist University, the Tennessee Executive Development Program at the University of Tennessee – Knoxville, Cornell University's Executive Development Program and Crosby Quality College.



Authority Leadership (cont.)



Dr. Kenneth C. Hill, Director

Dr. Kenneth C. Hill, a native of Morrison City (North Kingsport), Tennessee, was appointed to the Tennessee Regulatory Authority by Lieutenant Governor Ron Ramsey in 2009.

Since his appointment, Dr. Hill has served as Chairman of the Tennessee Regulatory Authority and is presently active with the National Association of Regulatory Utility Commissioners (NARUC) and the Southeastern Association of Regulatory Utility Commissioners (SEARUC). He is a member of the NARUC Committee on Water, the NARUC Committee on International Relations, and the NARUC Sub-Committee on Clean Coal and Carbon Sequestration.

At present, he is also a member of the International Confederation of Energy Regulators (ICER), a member of the ICER Working Group for Small Energy Consumers, and is serving as a Mentor in the ICER Women In Energy pilot Mentoring Program.

Dr. Hill has been a presenter at the NARUC and SEARUC Annual Meetings. He also has been a presenter and participant at the National Association of Water Companies (NAWC) Water Summit, the NAWC Commissioners' Forum, and the Emerging Issues Policy Forum (EIPF) (Energy) multiple times. He also has been a panelist at the NAWC Southeastern Chapter Conference as well as at United States' Department of Energy Industrial Energy Efficiency Conference in Little Rock.

During his tenure with the TRA, he has also served as a member of the Tennessee State Information Systems Council, member of the Board of the Organization of PJM States, Inc. (OPSI), member of the Eastern Interconnection States Planning Council (EISPC), delegate to the 5th World Forum on Energy Regulation (WFERV), and a Tennessee Team Member of the National Governors' Association Policy Academy on Enhancing Industry through Energy Efficiency and Combined Heat and Power.

Dr. Hill has been active in communications and broadcasting all of his adult life, having been involved for over four decades in virtually every aspect of radio. For the past thirty-three years, Dr. Hill has been President and CEO of non-profit Appalachian Educational Communication Corporation (AECC) in Bristol, Tennessee. AECC is the licensee of WHCB 91.5 FM. Dr. Hill has also provided consulting services for over three decades in the

areas of technical writing and editing, public relations, proposal writing and editing, independent R&D documentation, government relations, corporate and business communication, media acquisition, media appraisal and media utilization.

He earned his Bachelor of Science degree in Speech (Broadcasting) and History from East Tennessee State University; a Master of Science Degree in Speech (Broadcasting) from Indiana State University; a Bachelor of Arts degree in Biblical Studies from Baptist Christian College; a Master of Religious Education from Manahath School of Theology; and a Doctor of Religious Education from Andersonville Baptist Seminary.

Dr. Hill and his wife, Janet, reside in Blountville, Tennessee. They have one daughter, Lydia, who serves as a nurse, and two sons: Matthew, who serves as 7th District Tennessee State Representative, and Timothy, who serves as 3rd District Tennessee State Representative.



Our Mission

To promote the public interest by balancing the interests of utility consumers and providers while facilitating the transition to a more competitive environment.

The Authority's mission is fulfilled through three major operational components: consumer assistance and regulatory oversight of utility operations, market conditions and public safety of underground utilities.

Consumer Assistance Component

In alignment with its consumer assistance component, the Authority offers an efficient forum for the filing, investigation, and hearing of consumer complaints against regulated utilities. The Authority also engages in consumer outreach activities in an effort to educate consumers on its services and the regulated utilities. The Authority manages consumer-friendly programs developed by the General Assembly, such as the Do Not Call Program, the Do Not Fax Program, the Telecommunications Device Access Program (TDAP), and the LifeLine telephone assistance program.

Regulatory Oversight Component

The Authority operates as Tennessee's regulatory oversight engine for privately-owned utilities serving Tennessee consumers. The Authority provides an accessible and efficient process that is fair and unbiased. Through this process, the Authority evaluates many items, including requests for rate modifications, applications for authority to provide service, requests for approval of financing transactions, requests for approval of mergers, petitions for transfer of authority to provide service, numbering appeals, requests for numbering allocations, requests for rule modifications, petitions for approval of interconnection agreements and utility-to-utility complaints. The Authority also monitors utility markets to evaluate current trends and determine the need for future action.

Public Safety of Underground Utilities

As delegated by the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration, the Authority ensures the safety of natural gas distribution and transmission pipeline facilities in the state.

The Underground Utility Damage Prevention Act, signed into law in 2015 is designed to prevent harm to people, property, and underground utility facilities. The provisions of the Act are codified in Tenn. Code Ann. § 65-31-101 et al., and the Authority's role is to assist the Underground Utility Damage Enforcement Board by providing administrative and investigative support on matters related to underground utility damages and enforcement.



Utilities Under the Authority's Jurisdiction

The following are the number of utilities under the jurisdiction of the Tennessee Regulatory Authority as of June 30, 2016.

Energy and Water

Electric	4
Natural Gas Companies	7
Water & Waste Water	20
Methane Gas Provider	2
Intrastate Pipeline	18

Telecommunications

Competing Telephone Service Providers	125
Customer Owned-Coin Operated Telephone Providers	67
Incumbent Telephone Companies	26
Resellers and Operators Service Providers, Long Distance Facility Providers	210

Gas Pipeline Safety

Intrastate Pipeline	18
Liquefied Natural Gas (LNG) Operators	2
Master Meters	25
Municipalities	71
Utility Districts	23
Private Utilities	5

Total Public Utilities	623
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Budget Summary

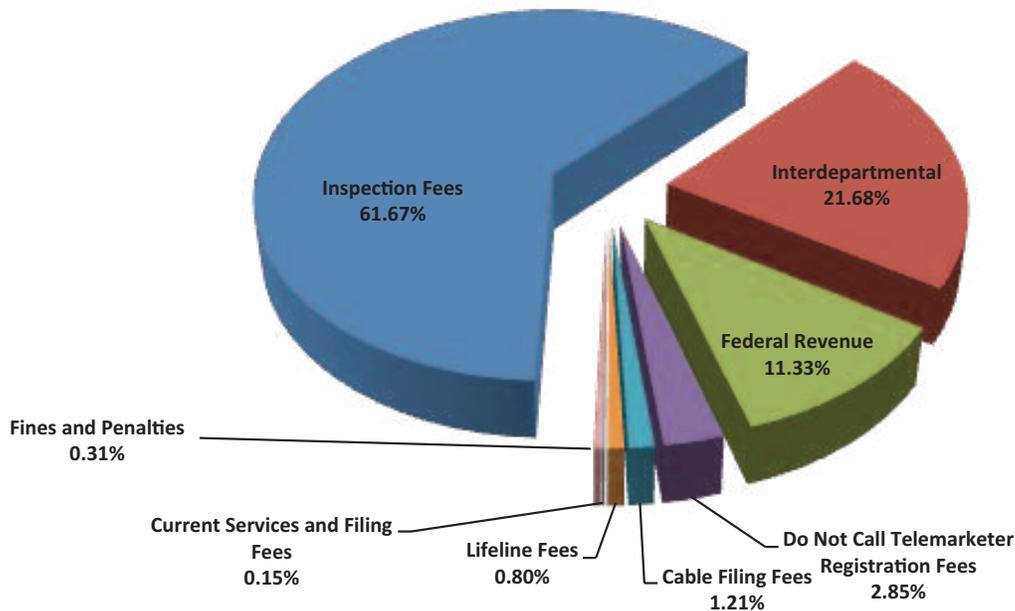
Appropriations, Fees, and Expenditures

The Tennessee Regulatory Authority began fiscal year 2015-16 (FY15-16) with a budget of \$8,862,400. Actual expenditures by the agency during the fiscal year totaled \$7,420,600. This represented a total savings of \$1,441,800 (16.3%) from budgeted expenditures.

Total revenues collected by the TRA during FY15-16 were \$8,421,300. The majority of the revenue was derived from utility inspection fees paid by the public utilities regulated by the TRA. Total inspection fee revenue collected during FY15-16 was \$5,193,100. In addition to inspection fee revenue, the TRA received \$1,825,400 in interdepartmental revenue related to the TDAP/Relay program, \$954,300 in federal revenue, \$240,300 in registration fees from telemarketers for the “Do Not Call” program, \$26,200 in fines and penalties, \$102,300 in annual fees from certain cable companies, \$5,500 in filing fees, and \$74,200 in current services revenue of which \$67,000 is attributable to lifeline verification fees.

All TRA revenues, except for revenue received from contributions for TDAP, are earmarked for the Public Utilities Account and are to be used to defray the cost of operations by the TRA. Should revenues in future fiscal years not be sufficient to cover the costs of the TRA for a given fiscal year, the deficit would be funded by the Public Utilities Reserve Account. As of June 30, 2016, the Public Utilities Reserve Account balance was \$4,973,900. The TDAP Program revenue is specifically earmarked for the purchase of TDAP equipment for the qualifying disabled citizens of Tennessee and the administration of the program. The TDAP Reserve Account had a balance of \$679,700 as of June 30, 2016.

The TRA also funds the majority of the administrative costs of the Office of State Assessed Properties which is part of the office of the Tennessee Comptroller of the Treasury. For FY15-16, the TRA’s total inspection fee revenue of \$5,193,100 was reduced by \$424,700 for its share of the subsidization of the cost of the Office of State Assessed Properties.



The FY15-16 actual inspection fee revenue received by the TRA was \$5,193,100. However, this amount was reduced by \$424,700 by the Comptroller’s Office for the amount charged to TRA for its share of the cost of the Office of State Assessed Properties.



Communications & External Affairs Division

Tim Schwarz, Chief

Mission

The mission of the Communications and External Affairs Division is to advance and support the Tennessee Regulatory Authority's larger role of promoting the public interest through consumer outreach & education, external & internal communications, legislative and policy initiatives and Title VI compliance.

The duties of the Division include responding to media inquiries on matters related to the Authority's regulatory jurisdiction and providing timely responses to requests for information from media outlets, utility regulatory trade publications and other utility industry organizations. In addition, the Division prepares and provides communications counsel to staff in handling media interviews.

Moreover, the Division writes and issues press releases on the Authority's regulatory actions, manages its social media pages, and oversees the agency's special reports, including its Annual Report to the Tennessee General Assembly, its Title VI Report to the Tennessee Human Rights Commission and Affirmative Action report to the Tennessee Division of Human Resources. The Division ensures that compliance is maintained for the agency's forms and documents and engages in consumer outreach to inform the general public of the Authority's programs and services. The Legislative and Policy activities of the Division are predicated on the principle of protecting the agency's interests and priorities at the state legislature. There are number of ways which include, but are not limited to, assisting the agency in framing policy; drafting legislation and amendments; representing the agency as an advocate, in support of or against legislation.

Consumer Services Division

Lisa Cooper, Chief

Stacy Balthrop, Deputy Chief

Mission

To ensure consumers receive an adequate level of service from regulated companies and to educate consumers regarding changes and new programs in the regulated utility sector. This mission is accomplished through monitoring services utilities provide using quality of service reports and tests, initiating investigations, and mediating consumer-utility disputes resulting from consumer complaints.

Duties include:

The Consumer Services Division ("CSD") is responsible for monitoring the quality of services provided by regulated utilities and enforcing the rules and regulations of the Authority. One aspect of this responsibility is to investigate and mediate consumer complaints filed against regulated utilities pursuant to T.C.A. §§ 65-4-119, 65-4-401 et seq., and 65-4-501 et seq.

The CSD also performs other functions such as: administering the Do Not Call telemarketing initiative through the registration of telemarketing companies and maintaining the Do Not Call Register; administering the Do Not Fax Program which is designed to prevent unsolicited faxes; and certifying the Lifeline Telephone Assistance Program candidates based on income and qualified public assistance.

The CSD administers the Telecommunication Devices Access Program ("TDAP"), which is designed to improve access to the telephone network by distributing equipment to assist individuals with disabilities. Additionally, the CSD monitors the operation of the Tennessee Relay Center for individuals with a hearing loss or speech disability.

The CSD provides recommendations in enforcement actions involving utilities not in compliance with state law or the rules and regulations of the Authority.

Major Activities

- ◆ Received 528 consumer complaints filed against utility companies
- ◆ Distributed 618 TDAP devices to Tennessee residents qualifying for assistive communications devices
- ◆ Administered the Lifeline Telecommunications Assistance Program. Fiscal year 2016 there were 114,308 Tennesseans receiving the Lifeline credit on their monthly telecommunication charges.

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Consumer Services *continued from previous page*

- ♦ The Tennessee Relay Service call center processed approximately 136,467 calls during the fiscal year 2016. Administratively reviewed the reported operational practices of the Tennessee Relay Center to ensure that it is complying with the Authority's rules and regulations.

The CapTel Service is designed to assist individuals who are late deafened or hard of hearing to make and receive telecommunications calls with a captioning feature offered by this service. The CapTel Service processed approximately 144,472 calls during the fiscal year 2016.

- ♦ Administratively reviewed the reported operational practices of the Tennessee CapTel Service to ensure that it is complying with the Authority's rules and regulations.

At the end of fiscal period 2016, 5,072,965 Tennesseans registered with the "Do Not Call" program and 267 active telemarketers had registered as solicitors. The TRA received 934 "Do Not Call" telemarketing complaints by consumers against telemarketing companies during the fiscal year year 2016 the TRA also received 105 fax complaints from consumers involving unsolicited facsimiles during the fiscal year 2016.

Economic Analysis

Jerry Kettles, Chief

Mission

The primary function of the TRA's Economist (TE) is to conduct research and formulate recommendations on economic and policy matters pending before the Authority.

The TE is responsible for crafting recommendations concerning cost of capital and the return on equity in rate case proceeding. The TE provides analytic support to other groups within the TRA on a diverse range of topics including financial derivatives used in the natural gas industry, implementation of orders issued by the Federal Communications Commission and interpretation of statistical analysis. The TE identifies and analyzes market trends that may impact regulation or consumers in natural gas electric, water, wastewater, and telecommunications markets. The TE also has responsibility for analysis of mergers, acquisitions and the issuance of financial instruments by public utilities. The TE often coordinates agency staff in rule making actions initiated by the agency. The TE also produces several reports for the agency and completes special projects as requested by the Executive Director and Directors.

Gas Pipeline Division

Annette Ponds, P.E., Chief

Mission

The mission of the TRA's Gas Pipeline Safety Division (GPSD) is to contribute to the safety and reliability of natural gas distribution and transmission pipeline facilities and to minimize the risk to public health and safety associated with the accidental release of natural gas.

Chapter 601, Title 49 of the United States Code provides the statutory basis for the pipeline safety program. Chapter 601 establishes a framework for promoting pipeline safety through Federal delegation to the States for all or part of the responsibility for intrastate pipeline facilities under annual certification or agreement. Chapter 601 authorizes Federal grants-in-aid of up to 80 percent of a State agency's personnel, equipment, and activity costs for its pipeline safety program.

The State of Tennessee enters into a certification agreement each year with the Secretary of the Department of Transportation and accepts the responsibility for regulation of intrastate natural gas pipeline facilities. The program is administered by the DOT Pipeline and Hazardous Materials Safety Administration (PHMSA) and the TRA is the regulating state agency. The GPSD enforces safety regulations in accordance with the Tennessee Code Annotated ("Tenn. Code Ann.") § 65-2-102, the Tennessee Comprehensive Rules and Regulations ("Tenn. Comp. R. & Regs.") 1220-4-5 and Title 49 of the Code of Federal Regulations ("CFR") Chapter 1, Subchapter D, Parts 191, 192, 193, 195 and 199, as incorporated in the Tennessee rules by reference.

Natural gas is transported statewide through approximately 40,000 miles of distribution and transmission lines that provide service to over 1,356,000 customers. Distribution operators range in size from eight to 307,000 customers and include private companies, 71 municipalities, 23 utility districts, liquefied natural gas plants and storage facilities, nine (9) apartment complexes, and 18 housing authorities. There are 16 jurisdictional intrastate transmission lines.

All natural gas operators are required by code to maintain records, compile reports, update operation and maintenance plans, and promptly repair hazardous leaks. The GPSD inspected a total of 162 natural gas operational units with each receiving a minimum of one onsite inspection. The GPSD added one inspector position to the staff bringing the total to seven (7) inspectors who logged a total of 633 inspection days this past year.



Information Technology Division

Tracy Stinson, Chief

Mission

The mission of the Information Technology Division (IT) is to provide, support, and protect hardware and software computer systems used by the staff of the Tennessee Regulatory Authority. The Division strives to meet the professional needs of its own staff members through training, team building, challenging work, recognition and personal and professional growth.

The division consists of an IT Chief and an Executive Assistant.

Duties of the Information Technology Division:

- ◆ Develop the Information Systems three year plan
- ◆ Develop and maintain the Authority LAN
- ◆ Procure and maintain Authority desktop computer systems
- ◆ Develop new software systems
- ◆ Monitor software license needs
- ◆ Enforce state network acceptable usage policy
- ◆ Provide information resource training to Authority staff and IT staff
- ◆ Develop and administer Authority databases
- ◆ Oversee computer hardware inventory management
- ◆ Provide technical support and training to Authority staff
- ◆ Provide technical advice to Authority leadership

Legal Division

Kelly Grams, General Counsel

Mission

To provide the Authority with sound and timely legal advice, effective counsel in the deliberative process, and zealous representation before state and federal agencies and reviewing courts.

It is the responsibility of the Legal Division to provide in-house counsel to the Directors of the Authority. Attorneys from the Division also represent the Authority and the Directors in their official capacities before the Chancery Courts, Tennessee Court of Appeals, Tennessee Supreme Court and in the Federal Courts. The Legal Division represents the Authority before the Federal Communications Commission and the Federal Energy Regulatory Commission. Attorneys in the Division often serve as Hearing Officers in contested cases and prosecutors in enforcement actions before the Authority. The attorneys provide legal advice and analysis to other divisions within the Authority and may represent staff designated as parties in Authority proceedings. The Legal Division reviews bonds and letters of credit submitted by regulated companies. The attorneys also draft rules to be promulgated by the Authority. Members of the Legal Division prepare orders reflecting actions of the Directors in specific cases.

During the past fiscal year, 173 dockets were opened or required action by the Authority. Attorneys in the Legal Division provided continuing research, advisory memoranda and counsel to the Directors and staff in most of these dockets. The Legal Division also prepared 209 orders reflecting action by the Authority in active dockets including audits, tariff matters, contested cases, mergers, debt issuances, transfers of authority, approvals and revocations of certificates of public convenience and necessity, franchise and special contract approvals and show cause actions. The Legal Division also drafted 39 notices of approval of interconnection agreements.



Utilities Division

David Foster, Chief

Mission

To provide the Directors of the TRA with detailed technical and financial analyses to aid the Directors in making informed decision on issues related to the establishment of just and reasonable rates for public utilities, audits results, new certificates of service and telecommunications issues related to the continued development of competitive markets.

The division is comprised of eight full-time and two-part-time employees with diversified experience and background. The Staff's credentials and background consist mainly of Certified Public Accountants along with an engineer. The Staff has over 200 years of combined experience in the utility industry.

The division is responsible for analyzing all utility petitions relating to rate changes for investor owned electric, gas, telecommunications, water and wastewater service utilities operating within the state. Of note, the Authority regulates rates for approximately 380,000 residential, commercial and industrial customers receiving natural gas service in Tennessee (primarily Chattanooga and the metro Nashville area), 47,000 electric customers in the Kingsport, and 73,000 water customers in Chattanooga, while maintaining regulatory oversight over approximately 150 individual water and wastewater systems.

The financial analysis focuses on establishing a reasonable return the utility can earn on its investment as well establishing a reasonable amount of prudent expenses to be recovered. The division also develops and recommends rate designs for customer classes, e.g., residential, commercial and industrial. Each utility segment also has unique characteristics and distinctive federal and state mandates for review.

The division works closely together with smaller utilities, especially water and wastewater, in order ensure their viability, both financially and from a quality of service standpoint. The larger utilities (e.g., Piedmont Natural Gas, Atmos Energy, Chattanooga Gas, Tennessee American Water and Kingsport Power) are continually monitored from a financial/rate standpoint. The division also conducts a series of annual audits for utilities regarding their financial status and for compliance with TRA rules and applicable state and federal laws, orders and tariffs.



Appendix A

Docket Room and Authority Activity

Docket Activity

Type of Docket	Fiscal 2015-16 (7/1/15 - 6/30/16)
Total	173
Arbitrations	0
Interconnection/Resale Agreements	46
Purchase Gas Adjustment, Audits, Certificate of Convenience of Necessity Amendments	14
Consumer Services Division Staff Investigations	1
Certificate of Convenience of Necessity	8
Pay Phones	0 (10 reopened)
Name Changes	16
Resellers	0 (10 reopened)
Number Pooling Requests	4
Rulemaking	0
Telecom Dockets - Eligible Telecommunications Carriers	3
Notice - Market Regulation	14
Cable Franchise	1 (2 amendments)
Transfers, Mergers, Financing	7
Misc. (not otherwise listed above)	38
Total: New	151
Reopened	20 plus 2 cable amendments



Appendix B

TRA proceedings for the 2015-2016 fiscal year included:

- ◆ Annual State Certification of Support for Eligible Telecommunications Carriers Pursuant to 47 C.F.R. 54.314 (Docket No. 15-00068)
- ◆ Provision of Enhanced Captioned Telephone Relay Service for the Hard of Hearing and the Late-Deafened Citizens of Tennessee (Docket No. 15-00074)
- ◆ Chattanooga Gas Company's Actual Cost Adjustment Filing for the Period of July 1, 2014 - June 30, 2015 (Docket No. 15-00076)
- ◆ Petition of United Telephone Company and UTC Long Distance, LLC for Approval to Participate in Certain Financing Arrangements (Docket No. 15-00078)
- ◆ Application of RCLEC, Inc. for a Certificate of Public Convenience and Necessity (Docket No. 15-00080)
- ◆ Atmos Energy Corporation Tennessee and Union City, Tennessee 2014-2015 ACA Filing (Docket No. 15-00082)
- ◆ Petition of Talk America Services, LLC for Amended Authority to Provide Facilities-Based Local Exchange Telecommunications Services (Docket No. 15-00098)
- ◆ Application of Tele Circuit Network Corporation for Designation as an Eligible Telecommunications Carrier (Docket No. 15-00102)
- ◆ Petition of United Way of Metropolitan Nashville to Transfer Its N11 Number Abbreviated Dialing Code (Docket No. 15-00112)
- ◆ Petition of Piedmont Natural Gas Company for Approval of an Integrity Management Rider to Its Approved Rate Schedules and Service Regulations (Docket No. 15-00116)
- ◆ Show Cause Proceeding Against Moy Toy, LLC for Violations of Statutes and Rules Regulating Water Utilities (Docket No. 15-00118)
- ◆ Show Cause Proceeding Against Cartwright Creek, LLC for Violations of the Statute and Rules Regulating Wastewater Utilities (Docket No. 15-00124)
- ◆ Show Cause Proceeding Against Cumberland Point Condominium Property Owners Association for Violations of the Statutes and Rules Regulating Wastewater Utilities (Docket No. 15-00126)
- ◆ Petition of Piedmont Natural Gas Company, Inc. for Approval of Franchise Agreement with the City of Ashland City, TN Pursuant to Tennessee Code Annotated § 65-4-107 (Docket No. 15-00128)
- ◆ Joint Petition of Integrated Resource Management, Inc. and TRA Staff (As a Party) to Increase Rates and Charges (Docket No. 15-00130)
- ◆ Petition of Kingsport Power Company d/b/a AEP Appalachian Power for a General Rate Case (Docket No. 16-00001)
- ◆ Petition for Approval of the Amendment to the Interconnection Agreement between AT&T Tennessee and Matrix Telecom, Inc., et al (Docket No. 16-00005)
- ◆ Petition of Tennessee Wastewater Systems, Inc., for Approval of Capital Improvement Assessment for Starr Crest Resorts (Docket No. 16-00007)
- ◆ Application of Crystal Clear Technologies, LLC for a State-Issued Certificate of Franchise Authority (Docket No. 16-00009)
- ◆ Petition of Atmos Energy Corporation for Approval of Its 2016 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(D)(6) (Docket No. 16-00013)
- ◆ Petition of Tennessee Wastewater Systems, Inc., for Approval of Special Contract (Docket No. 16-00015)
- ◆ Community Television Company (CTC) Application for Amendment to Tennessee Certificate of Franchise Authority (Docket No. 16-00019)
- ◆ ACA Filing for the Navitas TN Ng, LLC Jellico and Byrdstown Systems (Docket No. 16-00025)
- ◆ Petition of Piedmont Natural Gas Company, Inc. for Approval of Negotiated Franchise With Mount Juliet, Tennessee Pursuant to Tennessee Code Annotated 65-4-107 (Docket No. 16-00031)
- ◆ Petition of Kingsport Power Company d/b/a AEP Appalachian Power for Approval of Franchise Agreement with the City of Kingsport, Tennessee (Docket No. 16-00033)
- ◆ Petition for Expedited Review of Growth Code Denial by the Number Pooling Administrator Relating to Metro Government of Nashville and Davidson County (Docket No. 16-00043)
- ◆ Petition of Tennessee Wastewater Systems, Inc. to Post Alternative Financial Security (Docket No. 16-00045)
- ◆ Sirius XM Radio Inc., for Alleged Violations of Tennessee Code Annotated 65-4-401 et seq. (Docket No. 16-00047)
- ◆ Audit of Chattanooga Gas Company's Weather Normalization Adjustment for the Period November 1, 2015 to April 30, 2016 (Docket No. 16-00061)
- ◆ Audit of Piedmont Natural Gas Company's Weather Normalization Adjustment for the Period October 1, 2015 to April 30, 2016 (Docket No. 16-00063)
- ◆ Petition for Expedited Review of Growth Code Denial by the Number Pooling Administrator Relating to Metropolitan Nashville Airport Authority (Docket No. 16-00065)
- ◆ Joint Petition of Cumberland Basin Wastewater Systems, LLC and Integrated Resource Management, Inc. d/b/a IRM Utility, Inc. to Transfer Certificate (Docket No. 16-00069)
- ◆ Annual State Certification of Support for Eligible Telecommunications Carriers Pursuant to 47 C.F.R. 54.314 (Docket No. 16-00072)
- ◆ Petition of Integrated Resource Management, Inc. for Approval of Special Contract (Docket No. 16-00048)
- ◆ Application of eNetworks, LLC for Certificate to Provide Competing Local Telecommunications Services (Docket No. 16-00054)
- ◆ Audit of Atmos Corporation's Incentive Plan Account for the Period of April 1, 2015 through March 31, 2016 (Docket No. 16-00066)
- ◆ Petition of Tennessee Wastewater Systems, Inc. for Approval of Financing Arrangements (Docket No. 15-00071)
- ◆ Chattanooga Gas Company Annual Incentive Plan Filing for the Twelve Months Ended June 30, 2015 (Docket No. 15-00075)
- ◆ Piedmont Natural Gas Company, Inc., Performance Incentive Plan Report for the Period July 1, 2014-June 30, 2015 (Docket No. 15-00079)
- ◆ Application of Megawatt Communications, LLC for a Certificate to Provide Broadband and Internet Access Service (Docket No. 15-00087)
- ◆ Atmos Energy Petition to Change Depreciation Rates Pursuant to Its Approved Annual Review Mechanism (Docket No. 15-00089)
- ◆ Petition of Kingsport Power Company d/b/a AEP Appalachian Power for a General Rate Increase (Docket No. 15-00093)
- ◆ Petition of Local Access LLC for a CCN to Provide Competing Local Telecommunications, Services (Docket No. 15-00101)



- ◆ Counce Natural Gas Actual Cost Adjustment Filing for the Period 10/01/14 to 9/30/15 (Docket No. 15-00103)
- ◆ Piedmont Natural Gas Company's Actual Cost Adjustment Account Filing for the Twelve Months Ended June 30, 2014 (Docket No. 15-00109)
- ◆ Petition of Tennessee-American Water Company Regarding the 2016 Investment and Related Expenses under the Qualified Infrastructure Investment Program Rider, the Economic Development Investment Rider and the Safety and Environmental Compliance Rider (Docket No. 15-00111)
- ◆ City of Red Boiling Springs Gas System (Docket No. 15-00119)
- ◆ Petition of Gateway Utility Company, Inc. for a Certificate of Public Convenience and Necessity to Provide Water Service for a Portion of Williamson County, Tennessee Known as Gateway Village (Docket No. 15-00123)
- ◆ Show Cause Proceeding Against Condo Villas of Gatlinburg Association, Inc. for Violations of the Statutes and Rules Regulating Water Utilities (Docket No. 15-00125)
- ◆ Petition of King's Chapel Capacity, LLC to Post Alternative Financial Security (Docket No. 15-00127)
- ◆ Application of Trenton TV Cable Company for a State-Issued Certificate of Franchise Authority (Docket No. 15-00129)
- ◆ Petition of Tennessee-American Water Company Regarding the Production Costs and Other Pass-Throughs Rider (Docket No. 15-00131)
- ◆ Petition for Approval of the Interconnection Agreement between AT&T Tennessee and RCLEC, Inc. (Docket No. 16-00004)
- ◆ Application of Duke Energy Corporation and Piedmont Natural Gas Company, Inc. for Approval of a Change in Control Pursuant to T.C.A. 65-4-113 (Docket No. 16-00006)
- ◆ Atmos Energy Corporation's Petition for Approval of Contract(s) Regarding Gas Commodity Requirements and Management of Transportation/Storage Contracts (Docket No. 16-00008)
- ◆ Petition of Laurel Hills Water System in Receivership for Approval of Adjustment of Its Rates and Charges (Docket No. 16-00012)
- ◆ Application of Appalachian Power Company for Approval of Certain 2016-2017 Financing Programs (Docket No. 16-00014)
- ◆ Joint Application of Birch Telecom of the South, Inc. d/b/a Birch Communications of the South and Primus Telecommunications, Inc. for Approval to Transfer Primus Customers to Birch (Docket No. 16-00018)
- ◆ Piedmont Natural Gas Company, Inc. Actual Cost Adjustment Account Filing for the Period July 1, 2014 - June 30, 2015 (Docket No. 16-00020)
- ◆ Petition of Tennessee-American Water Company for the Reconciliation of the 2016 Capital Riders (Docket No. 16-00022)
- ◆ Petition of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Liabilities (Docket No. 16-00024)
- ◆ Petition of Atmos Energy Corporation to Revise Performance Based Ratemaking Mechanism Tariff (Docket No. 16-00028)
- ◆ Petition of Aqua Green Utility Inc. to Amend Its Certificate of Convenience and Necessity to Serve Loves Travel Stop & Country Store Located in McNairy County (Docket No. 16-00030)
- ◆ Petition of DSH & Associates, LLC for Approval of Alternative Financial Security (Docket No. 16-00032)
- ◆ Application of the Nexus Group, Inc. for a Certificate to Provide Competing Local Telecommunications Services (Docket No. 16-00034)
- ◆ Application of Mobilitie Management LLC for a Certificate to Provide Competing Local Telecommunications Services in the State of Tennessee (Docket No. 16-00036)
- ◆ Application of Entergy Arkansas, Inc. for Approval of Changes in Rates for Retail Electric Service (Docket No. 16-00038)
- ◆ Petition for Expedited Review of Growth Code Denial by the Number Pooling Administrator Relating Music City Convention Center (Docket No. 16-00044)
- ◆ Petition of Sunset Fiber, LLC for a Certificate to Provide Competing Local Telecommunications Services (Docket No. 16-00046)
- ◆ Petition of Teleport Communications of America, LLC - TN for Review of Central Office Code Denial Relating to Bass Pro, Inc. in Chattanooga (Docket No. 16-00050)
- ◆ Audit of Atmos Energy Corporation's Weather Normalization Adjustment for the Period October 1, 2015 to April 30, 2016 (Docket No. 16-00062)
- ◆ Application of eNetworks, LLC for Certificate to Provide Competing Local Telecommunications Services (Docket No. 16-00054)
- ◆ Tennessee Regulatory Authority v. Laurel Hills Condominiums Property Owners Association. In the Chancery Court of Cumberland County, Tennessee, Thirteenth Judicial District as Crossville, No. 2012-CH-560.
- ◆ Tennessee Wastewater Systems, Inc. v. Tennessee Regulatory Authority. Tennessee Court of Appeals, Case No. M2014-01903-COA-R12-CV, Petition for Review of the TRA's Decision in Show Cause Proceeding Against Tennessee Wastewater Systems, Inc. for Material Non-Compliance and/or Violation of State Law and Tenn. R. & Regs. 1220-4-13, et seq., TRA Docket No. 14-00041.